

STATEMENT

INSURANCE ASSOCIATION OF CONNECTICUT

Insurance and Real Estate Committee

March 13, 2012

SB 411, An Act Concerning The Insurance Holding Company System Regulatory Act

The Insurance Association of Connecticut (IAC) would like to make the following comment on SB 411, An Act Concerning The Insurance Holding Company System Regulatory Act.

SB 411 is intended to amend the state's Insurance Holding Company Act to mirror recent changes made to the NAIC's Model Act on the same subject.

As part of those changes, SB 411 requires insurers to file an annual enterprise risk report with the Insurance Commissioner (section 6, C.G.S. 38a-135(f)). The report is to outline "the material risks within the insurance holding company system that could pose enterprise risk to the insurance company." What constitutes "enterprise risk" is defined in the bill.

IAC requests that the provisions relating to the enterprise risk report requirement have a separate effective date of July 1, 2013. Work is ongoing at the NAIC on projects that are closely tied to the new enterprise risk reporting requirements. In particular, NAIC is actively working on a new model for its Own Risk and Solvency Assessment proposal.

Since that work is not complete, IAC is requesting a delayed effective date for that portion of the bill in order to allow sufficient time for the requirements to be finalized and for regulators and insurers to be fully prepared. In addition, the Model Act contemplates extensive cooperation among states regarding enterprise risk report issues. A delayed

effective date will allow more states to pass conforming legislation, facilitating that cooperation.

Recent states that have adopted the new NAIC Holding Company Act, such as Rhode Island and Texas, have similarly delayed the effective date for enterprise risk reporting requirements.

IAC requests that such a change be made to SB 411.
